

PHOENIX UNIT TRUST MANAGERS

MANAGER'S ANNUAL REPORT

For the year: 1 February 2023 to 31 January 2024

PUTM BOTHWELL STERLING CREDIT FUND



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*These collectively comprise the Authorised Fund Manager's Report.

Investment review

Dear Investor

Welcome to the PUTM Bothwell Sterling Credit Fund annual report for 12 months to 31 January 2024.

Performance Review

Over the review period, the PUTM Bothwell Sterling Credit Fund returned 4.74%. (Source: FactSet). This is compared to a return of 4.37% for its benchmark index. (Source: FactSet, iBoxx Sterling Corporate and Collateralised Index, Total Return in GBP terms for 12 months to 31/1/24).

In the table below, you can see how the Fund performed against its benchmark index over the last five discrete one-year periods.

Standardised Past Performance

	Jan 23-24 % Growth	Jan 22-23 % Growth	Jan 21-22 % Growth	Jan 20-21 % Growth	Jan 19-20 % Growth
PUTM Bothwell Sterling Credit Fund	4.74	-13.21	-4.49	4.72	12.19
Benchmark Index	4.37	-13.28	-5.13	4.40	11.80

Source: Fund performance is FactSet. Benchmark Index performance is iBoxx Sterling Corporate and Collateralised, Total Return in GBP terms to 31 January for each year.

Past performance is not a guide to future performance.

The value of units and the income from them can go down as well as up and is not guaranteed. You may not get back the full amount invested.

Please note that all past performance figures are calculated without taking the initial charge into account.

Investment review

Market Review

It was a variable period for sterling credit over the 12 months under review. While the asset class delivered positive returns early in the period, this masked volatility within markets. Macroeconomic data pointed to slowing inflation and the market began to price in peak interest rates, particularly in the US and the UK. However, higher-than-expected US inflation figures for January resulted in rising yields and widening spreads. This was followed by a run on Silicon Valley Bank, which fed through into other less regulated US regional banks, and subsequently spilled over to Europe, where Credit Suisse had to be rescued in the form of a forced takeover by UBS. This caused spreads to give up most of their early-year gains. However, Credit Suisse senior bonds outperformed; despite dramatic widening in the week up to the rescue, they then converged with UBS spreads.

The second quarter was then a relatively benign period for credit spreads. The index spread tightened and financials outperformed non-financials as spreads fell following the mini-banking crisis in March. Spreads remained relatively flat from mid-April to mid-June, before weakening slightly into quarter-end. However, total returns were negative. This was due to large moves in underlying Gilt yields, driven primarily by stronger-than-expected inflation data. Core inflation rose, causing concerns that inflation was becoming imbedded, with a tight labour market and rising pay.

Rates rallied strongly in July only to retrace this performance in August due to the 'higher-for-longer' central bank narrative. A lower-than-expected UK inflation print in August led yields lower before the continued move higher in US yields saw the market retrace into quarter-end. Credit tightened through to mid-August but gave up some of its strength in September, as the market positioned itself for supply. While supply was limited, the increase in rates volatility meant sterling spreads tracked sideways into quarter end.

Lastly, the fourth quarter of 2023 was a very strong one for total returns. Despite a weak start, with spreads drifting higher and government bond yields climbing towards their highest points of the year, November signalled a turnaround. Weaker inflation figures and signs of softening employment data were backed up by dovish comments from central banks. This resulted in markets pricing in interest-rate cuts, leading to a significant move lower in government bond yields. Credit spreads also tightened as the 'soft landing' scenario began to take hold. This

benefited the higher beta sectors, such as financials, and those sectors that benefit from a lower interest-rate environment, such as real estate. However, markets pulled back somewhat in January 2024, with investors revisiting interest-rate expectations for 2024. While inflation has moderated, we are now in a period of retrenchment where expectations of a lower inflationary environment have taken a pause.

Fund Review

The Fund outperformed its benchmark over the period, thanks mainly due to good stock selection, particularly in banks and real estate. Virgin Money and Lloyds also performed well, although our overweight in Citigroup detracted from performance slightly. In property, retail landlord Hammerson and Workspace Group, which manages offices in London and south east England, gained. Long dated utilities bonds, including EDF and Engie, were also beneficial. On the downside, our overweight holding of cigarette maker British American Tobacco dragged on performance. British water utilities also dropped, as the sector has faced some concerns over the level of indebtedness. Our bonds of Thames Water, Northumbrian Water and Southern Water dipped.

Market Outlook and Fund Strategy

While the fundamental backdrop for 2024 remains uncertain, investment-grade credit continues to attract interest. Supply picked up in January in euros and sterling, but deals were generally met with massive order books and traded well as a result. Policy rates will almost certainly fall in the UK this year, providing comfort to bond buyers. For the time being, the two worst potential scenarios for bond markets – reflation (and no rate cuts) or a hard landing (bad for credit) – appear to be off the table. Although investment-grade credit is not inexpensive in any currency, there is a case for positive returns being generated this year, with contributions from both government bond and spread markets.

Portfolio of investments (unaudited)

Investments held at 31 January 2024

Holding	Investment	Market value £000	Percentage of total net assets %
	Government Bonds (31/01/23– 5.21%)		3.77
£6,655,000	CTRL Section 1 Finance 5.234% 02/05/2035	2,589	0.07
£20,000,000	UK Treasury 0.125% 31/01/2028	17,388	0.44
£60,000,000	UK Treasury 1.25% 22/10/2041	37,353	0.94
£50,000,000	UK Treasury 3.25% 22/01/2044	42,304	1.07
£35,000,000	UK Treasury 3.75% 22/10/2053	30,935	0.78
£20,000,000	UK Treasury 4% 22/10/2063	18,562	0.47
	Public Authorities (31/01/23– 0.67%)		0.15
£9,873,000	Income Contingent Student Loans 2.5% 24/07/2058	5,820	0.15
	Corporate Bonds (31/01/23– 91.74%)		92.59
£14,400,000	AA Bond 5.5% 31/07/2050	13,872	0.35
£12,440,000	AA Bond 6.269% 02/07/2043	12,448	0.31
£14,500,000	ABP Finance 6.25% 14/12/2026	14,915	0.38
£19,478,000	Accent Capital 2.625% 18/07/2049	12,518	0.32
£9,094,000	Anglian Water 4.5% 22/02/2026	8,978	0.23
£10,123,000	Anglian Water Osprey Financing 2% 31/07/2028	8,213	0.21
£15,000,000	Anglian Water Services Financing 5.875% 20/06/2031	15,533	0.39
£13,150,000	Anglian Water Services Financing 6% 20/06/2039	13,739	0.35
£10,291,000	Anheuser Busch InBev 9.75% 30/07/2024	10,487	0.26
£16,583,000	Annington Funding 2.308% 06/10/2032	12,885	0.33
£6,200,000	Annington Funding 2.646% 12/07/2025	5,952	0.15
£8,061,000	Annington Funding 2.924% 06/10/2051	4,806	0.12
£28,930,000	Annington Funding 3.184% 12/07/2029	25,864	0.65
£13,590,000	Annington Funding 3.685% 12/07/2034	11,441	0.29
£12,591,000	Arqiva Financing 4.882% 31/12/2032	7,293	0.18
£6,277,000	Arqiva Financing 7.21% 30/06/2045	6,728	0.17
£7,689,000	Aspire Defence Finance 4.674% 31/03/2040	5,868	0.15
£11,297,000	Aspire Defence Finance 4.674% 31/03/2040	8,650	0.22
£6,063,000	Assura Financing 1.5% 15/09/2030	4,867	0.12
£12,890,000	AT&T 4.25% 01/06/2043	10,748	0.27
£22,134,000	AT&T 4.375% 14/09/2029	21,634	0.55
£11,650,000	AT&T 5.5% 15/03/2027	11,839	0.30
£22,500,000	AT&T 7% 30/04/2040	25,599	0.65
£28,000,000	Athene Global Funding 1.75% 24/11/2027	24,701	0.62
£6,000,000	Athene Global Funding 1.875% 30/11/2028	5,160	0.13
£8,849,000	Aviva 4% VRN 03/06/2055	7,180	0.18
£15,700,000	Aviva 4.375% VRN 12/09/2049	14,607	0.37
£13,515,000	Aviva 5.125% VRN 04/06/2050	12,860	0.32
£23,120,000	Aviva 6.125% 14/11/2036	23,495	0.59
£14,555,000	Aviva 6.875% 27/11/2053	15,083	0.38
£11,057,000	AXA 5.453% VRN Perpetual	11,016	0.28

Portfolio of investments (unaudited)

Investments held at 31 January 2024

Holding	Investment	Market value £000	Percentage of total net assets %
	Corporate Bonds (continued)		
£15,000,000	Banco Santander 1.5% 14/04/2026	13,816	0.35
£25,000,000	Banco Santander 2.25% VRN 04/10/2032	21,773	0.55
£7,000,000	Banco Santander 4.75% VRN 30/08/2028	6,897	0.17
£19,970,000	Bank of America 2.3% 25/07/2025	19,178	0.48
£20,000,000	Bank of America 3.584% VRN 27/04/2031	18,594	0.47
£29,700,000	Bank of America 7% 31/07/2028	32,393	0.82
£13,500,000	Banque Federative du Credit Mutuel 1.25% 05/12/2025	12,608	0.32
£19,100,000	Banque Federative du Credit Mutuel 5% 19/01/2026	19,114	0.48
£14,680,000	Barclays Bank 3% 08/05/2026	14,012	0.35
£25,000,000	Barclays Bank 3.75% VRN 22/11/2030	23,786	0.60
£30,490,000	Barclays Bank 6.369% VRN 31/01/2031	31,785	0.80
£11,615,000	Barclays Bank 7.09% VRN 06/11/2029	12,336	0.31
£15,000,000	Barclays Bank 8.407% VRN 14/11/2032	15,963	0.40
£7,290,000	Bazalgette Finance 2.375% 29/11/2027	6,633	0.17
£17,000,000	Bazalgette Finance 2.75% 10/03/2034	13,701	0.35
£6,850,000	Berkeley 2.50% 11/08/2031	5,247	0.13
£14,721,000	Berkshire Hathaway Finance Corporation 2.375% 19/06/2039	10,584	0.27
£10,916,000	Berkshire Hathaway Finance Corporation 2.625% 19/06/2059	6,512	0.16
£17,440,000	Blackstone Property Partners 2.625% 20/10/2028	14,927	0.38
£8,308,000	Blend Funding 2.922% 05/04/2056	5,375	0.14
£14,086,000	Blend Funding 3.459% 21/09/2049	10,610	0.27
£30,000,000	BNP Paribas 1.25% 13/07/2031	22,894	0.58
£25,000,000	BNP Paribas 2% VRN 24/05/2031	22,688	0.57
£12,500,000	BNP Paribas 2% 13/09/2036	9,016	0.23
£24,000,000	BP Capital Markets 4.25% VRN Perpetual	22,599	0.57
£15,615,000	BPHA Finance 4.816% 11/04/2044	14,571	0.37
£15,000,000	British Telecommunications 5.75% 13/02/2041	15,034	0.38
£13,720,000	Broadgate 4.821% 05/07/2036	13,469	0.34
£9,765,000	Broadgate 5.098% 05/04/2035	7,859	0.20
£7,202,000	Bromford Housing Group 3.125% 03/05/2048	5,122	0.13
£13,018,000	Cadent Finance 2.625% 22/09/2038	9,140	0.23
£13,481,000	Cadent Finance 5.75% 14/03/2034	13,802	0.35
£10,000,000	CaixaBank 1.5% VRN 03/12/2026	9,308	0.23
£20,290,000	Canary Wharf 6.455% 22/10/2033	1,310	0.03
£6,700,000	Canary Wharf 6.8% 22/10/2033	3,020	0.08
£6,000,000	Centrica 7% 19/09/2033	6,720	0.17
£14,200,000	Channel Link 3.043% VRN 30/06/2050	12,427	0.31
£13,500,000	Citigroup 1.75% 23/10/2026	12,404	0.31
£16,360,000	CK Hutchison Group Telecom Finance 2% 17/10/2027	14,590	0.37
£12,508,000	Clarion Funding 1.875% 07/09/2051	6,219	0.16

Portfolio of investments (unaudited)

Investments held at 31 January 2024

Holding	Investment	Market value £000	Percentage of total net assets %
	Corporate Bonds (continued)		
£9,550,000	Comcast Corporation 5.5% 23/11/2029	10,018	0.25
£10,307,000	Commonwealth Bank of Australia 3% 04/09/2026	9,888	0.25
£8,192,000	Community Finance 5.017% 31/07/2034	8,229	0.21
£7,500,000	Cooperatieve Rabobank 1.875% VRN 12/07/2028	6,788	0.17
€15,000,000	Cooperatieve Rabobank 4.625% VRN Perpetual	12,363	0.31
£13,416,000	Coventry Building Society 7% VRN 07/11/2027	13,828	0.35
£11,869,000	CPUK Finance 3.588% 28/02/2042	11,474	0.29
£24,100,000	CPUK Finance 3.69% 28/02/2047	22,296	0.56
£17,500,000	CPUK Finance 6.136% 28/02/2047	17,873	0.45
£25,000,000	Credit Agricole 4.875% 23/10/2029	25,162	0.64
£20,000,000	Credit Suisse 2.125% VRN 12/09/2025	19,585	0.49
£27,500,000	Credit Suisse 2.125% VRN 15/11/2029	24,260	0.61
£30,000,000	Credit Suisse 2.25% VRN 09/06/2028	27,335	0.69
£20,700,000	Credit Suisse 7.75% 10/03/2026	21,724	0.55
£33,500,000	Danske Bank 2.25% 14/01/2028	30,651	0.77
£14,608,000	Danske Bank 4.625% VRN 13/04/2027	14,460	0.36
£14,000,000	Deutsche Bank 1.875% VRN 22/12/2028	12,118	0.31
£20,000,000	Deutsche Bank 2.625% 16/12/2024	19,477	0.49
£15,000,000	Deutsche Bank 4% VRN 24/06/2026	14,618	0.37
£14,000,000	Deutsche Bank 6.125% VRN 12/12/2030	14,109	0.36
€30,000,000	Digital Intrepid Holding 0.625% 15/07/2031	19,911	0.50
£13,095,000	DWR Cymru Financing 2.375% 31/03/2034	9,628	0.24
£12,700,000	E.ON International Finance 4.75% 31/01/2034	12,168	0.31
£6,500,000	E.ON International Finance 5.875% 30/10/2037	6,755	0.17
£19,250,000	E.ON International Finance 6.125% 06/07/2039	20,322	0.51
£21,400,000	E.ON International Finance 6.75% 27/01/2039	23,908	0.60
£25,000,000	Électricité de France 5.5% 17/10/2041	23,689	0.60
£43,000,000	Électricité de France 5.625% 25/01/2053	39,766	1.00
£5,000,000	Électricité de France 5.875% VRN Perpetual	4,664	0.12
£12,500,000	Électricité de France 6% 23/01/2114	11,528	0.29
£4,800,000	Électricité de France 6% VRN Perpetual	4,681	0.12
£15,000,000	ENEL 5.75% 14/09/2040	15,249	0.38
£6,265,000	ENEL Finance International 1% 20/10/2027	5,482	0.14
£21,785,000	Enel Finance International 2.875% 11/04/2029	19,740	0.50
£7,000,000	Engie 5.625% 03/04/2053	7,047	0.18
£19,467,000	ENW Finance 4.893% 24/11/2032	19,576	0.49
£20,000,000	Eversholt Funding 2.742% 30/06/2040	14,046	0.35
£7,000,000	Eversholt Funding 3.529% 07/08/2042	5,397	0.14
£10,000,000	Eversholt Funding 6.359% 02/12/2025	10,212	0.26

Portfolio of investments (unaudited)

Investments held at 31 January 2024

Holding	Investment	Market value £000	Percentage of total net assets %
	Corporate Bonds (continued)		
£23,500,000	Eversholt Funding 6.697% 22/02/2035	20,387	0.51
£6,143,000	Freshwater Finance 5.182% 20/04/2035	5,899	0.15
£5,200,000	Futures Treasury 3.375% 08/02/2044	3,976	0.10
£10,000,000	Gatwick Funding 2.5% 15/04/2032	8,683	0.22
£11,670,000	Gatwick Funding 4.625% 27/03/2034	10,946	0.28
£6,550,000	Gatwick Funding 6.125% 02/03/2028	6,663	0.17
£12,050,000	GDF Suez 5% 01/10/2060	11,181	0.28
£7,200,000	GlaxoSmithKline 1.25% 12/10/2028	6,336	0.16
€15,022,000	Global Switch Finance 1.375% 07/10/2030	11,562	0.29
£11,000,000	Goldman Sachs Group 6.875% 18/01/2038	11,890	0.30
£25,000,000	Grainger 3% 03/07/2030	21,178	0.53
£9,300,000	Great Rolling Stock 6.5% 05/04/2031	7,059	0.18
£30,000,000	Great Rolling Stock 6.875% 27/07/2035	16,582	0.42
£17,100,000	Hammerson 3.5% 27/10/2025	16,430	0.41
£8,613,000	Hammerson 6% 23/02/2026	8,560	0.22
£17,193,000	Hammerson 7.25% 21/04/2028	17,771	0.45
£25,000,000	Heathrow Funding 2.625% 16/03/2028	22,306	0.56
£16,000,000	Heathrow Funding 5.875% 13/05/2041	16,632	0.42
£30,731,000	Heathrow Funding 6.75% 03/12/2028	31,999	0.81
£18,187,000	Hexagon Housing Association 3.625% 22/04/2048	13,032	0.33
£15,908,000	Home Group 3.125% 27/03/2043	11,366	0.29
£8,068,000	HSBC Holdings 1.75% VRN 24/07/2027	7,392	0.19
£16,932,000	HSBC Holdings 1.75% VRN 24/07/2027	15,513	0.39
£24,610,000	HSBC Holdings 3% VRN 22/07/2028	22,843	0.58
£19,000,000	HSBC Holdings 3% 29/05/2030	17,008	0.43
£15,705,000	HSBC Holdings 5.844% VRN Perpetual	16,397	0.41
£8,200,000	HSBC Holdings 6% 29/03/2040	8,060	0.20
£7,500,000	HSBC Holdings 6.8% VRN 14/09/2031	8,087	0.20
£22,500,000	HSBC Holdings 8.201% VRN 16/11/2034	24,722	0.62
£5,555,000	Hyde Housing Association 1.75% 18/08/2055	2,631	0.07
£28,200,000	ING Groep 1.125% VRN 07/12/2028	24,444	0.62
£27,015,000	Integrated Accommodation Service 6.48% 31/03/2029	9,188	0.23
£23,900,000	JPMorgan Chase 0.991% VRN 28/04/2026	22,667	0.57
£14,260,000	JPMorgan Chase 1.895% VRN 28/04/2033	11,543	0.29
£14,800,000	KBC Group 5.5% VRN 20/09/2028	14,951	0.38
£8,930,000	Land Securities Capital Market 2.75% 22/09/2059	5,397	0.14
£5,548,000	Legal & General Group 3.75% VRN 26/11/2049	4,973	0.13
£7,750,000	Legal & General Group 5.375% VRN 27/10/2045	7,688	0.19
£7,700,000	Legal & General Finance 5.5% VRN 27/06/2064	7,403	0.19

Portfolio of investments (unaudited)

Investments held at 31 January 2024

Holding	Investment	Market value £000	Percentage of total net assets %
	Corporate Bonds (continued)		
£13,694,000	Lloyds Banking Group 1.875% VRN 15/01/2026	13,226	0.33
£20,000,000	Lloyds Banking Group 1.985% VRN 15/12/2031	17,962	0.45
£25,000,000	Lloyds Banking Group 2.707% VRN 03/12/2035	20,076	0.51
£12,909,000	Lloyds Banking Group 6% 08/02/2029	13,730	0.35
£15,000,000	Lloyds Banking Group 6.625% VRN 02/06/2033	15,243	0.38
£23,980,000	London & Quadrant Housing Trust 2.25% 20/07/2029	20,843	0.53
£4,800,000	London & Quadrant Housing Trust 2.75% 20/07/2057	2,844	0.07
£7,636,000	London Quadrant Housing Trust 2% 20/10/2038	5,056	0.13
£15,560,000	Longstone 4.896% 19/04/2036	14,467	0.37
£9,780,000	Longstone Finance 4.791% 19/04/2036	3,384	0.09
£13,504,000	MassMutual Global Funding II 5% 12/12/2027	13,639	0.34
£24,000,000	M&G 5% VRN 20/07/2055	21,666	0.55
£7,500,000	McDonald's 3.75% 31/05/2038	6,445	0.16
£8,015,000	Meadowhall 4.986% 12/01/2032	3,636	0.09
£4,135,000	Meadowhall 4.988% 12/07/2037	1,973	0.05
£14,400,000	Metropolitan Housing Trust 1.875% 28/07/2036	10,025	0.25
£14,399,000	Metropolitan Life Global Funding I 5% 10/01/2030	14,619	0.37
£25,436,000	Mizuho Financial Group 5.628% 13/06/2028	26,118	0.66
£13,889,000	Motability Operations Group 5.625% 11/09/2035	14,720	0.37
£6,881,000	Motability Operations Group 5.625% 24/01/2054	7,174	0.18
£11,735,000	Motability Operations Group 5.75% 11/09/2048	12,357	0.31
£9,600,000	Morgan Stanley 2.625% 09/03/2027	8,972	0.23
£23,000,000	Morgan Stanley 5.789% VRN 18/11/2033	24,064	0.61
£8,211,000	Morhomes 3.4% 19/02/2038	6,535	0.16
£12,125,000	Morhomes 3.4% 19/02/2040	9,650	0.24
£20,000,000	National Australia Bank 1.699% VRN 15/09/2031	17,862	0.45
£32,746,000	National Express 2.375% 20/11/2028	28,426	0.72
£6,311,000	National Grid Electricity Transmission 1.375% 16/09/2026	5,780	0.15
£16,111,000	National Grid Electricity Transportation 5.272% 18/01/2043	15,563	0.39
£13,554,000	Nationwide Building Society 6.125% 21/08/2028	14,285	0.36
£9,505,000	Nationwide Building Society 6.178% VRN 07/12/2027	9,713	0.25
£46,000,000	Natwest Group 2.105% VRN 28/11/2031	41,191	1.04
£7,539,000	NatWest Group 2.875% VRN 19/09/2026	7,234	0.18
£23,900,000	NatWest Group 3.619% VRN 29/03/2029	22,430	0.57
£23,570,000	Nestle Holdings 2.5% 04/04/2032	20,553	0.52
£12,039,000	New York Life Global Funding 1.25% 17/12/2026	10,976	0.28
£13,956,000	New York Life Global Funding 4.95% 07/12/2029	14,260	0.36
£7,873,000	NGG Finance 5.625% VRN 18/06/2073	7,762	0.20
£7,777,000	NIE Finance 5.875% 01/12/2032	8,233	0.21

Portfolio of investments (unaudited)

Investments held at 31 January 2024

Holding	Investment	Market value £000	Percentage of total net assets %
	Corporate Bonds (continued)		
£6,703,000	Northern Gas Networks Finance 6.125% 02/06/2033	7,098	0.18
£5,700,000	Northumbrian Water Finance 2.375% 05/10/2027	5,147	0.13
£15,271,000	Northumbrian Water Finance 4.5% 14/02/2031	14,485	0.37
£12,944,000	Northumbrian Water Finance 6.375% 28/10/2034	13,690	0.35
£9,802,000	Notting Hill Genesis 2.875% 31/01/2029	8,921	0.23
£7,505,000	Notting Hill Housing Trust 3.25% 12/10/2048	5,307	0.13
£7,150,000	Notting Hill Housing Trust 3.75% 20/12/2032	6,521	0.16
£10,462,000	Notting Hill Housing Trust 5.25% 07/07/2042	10,137	0.26
£7,410,000	Optivo Finance 2.857% 07/10/2035	5,838	0.15
£22,500,000	Orsted 2.5% VRN 18/02/3021	15,875	0.40
£7,929,000	Paragon Treasury 2% 07/05/2036	5,545	0.14
£19,100,000	Pension Insurance 3.625% 21/10/2032	15,317	0.39
£7,400,000	Pension Insurance 5.625% 20/09/2030	7,034	0.18
£2,528,000	Premiertel 6.175% 08/05/2032	1,771	0.04
£5,756,000	Prudential 5.875% 11/05/2029	6,000	0.15
£15,000,000	Realty Income 1.75% 13/07/2033	11,180	0.28
£7,517,000	Realty Income 2.5% 14/01/2042	5,020	0.13
£9,497,000	Realty Income 6% 5/12/2039	9,978	0.25
£19,705,000	RL Finance Bonds 4.875% VRN 07/10/2049	15,864	0.40
£17,817,000	RMPA Services 5.337% 30/09/2038	11,743	0.30
£23,500,000	Royal Bank of Canada 5% 24/01/2028	23,567	0.60
£18,052,000	Royal Bank of Scotland 3.125% VRN 28/03/2027	17,224	0.43
£30,000,000	Royal Bank of Scotland 3.622% VRN 14/08/2030	28,864	0.73
£22,000,000	Santander 2.421% VRN 17/01/2029	19,589	0.49
£13,519,000	Santander 3.625% 14/01/2026	13,069	0.33
£9,600,000	Santander 5.75% 02/03/2026	9,770	0.25
£15,000,000	Santander 7.098% VRN 16/11/2027	15,522	0.39
£6,591,000	Severn Trent Utilities Finance 2% 02/06/2040	4,210	0.11
£5,554,000	Severn Trent Utilities Finance 2.625% 22/02/2033	4,569	0.12
£6,219,000	Severn Trent Utilities Finance 5.25% 04/04/2036	6,252	0.16
£13,030,000	Severn Trent Water Utilities 2.75% 05/12/2031	11,162	0.28
£18,600,000	Societe Generale 1.875% 03/10/2024	18,183	0.46
£13,800,000	Societe Generale 5.75% VRN 22/01/2032	13,913	0.35
£14,100,000	Societe Generale 6.25% 22/06/2033	15,133	0.38
£13,039,000	Southern Housing Group 2.375% 08/10/2036	9,482	0.24
£17,218,000	Southern Water Services Finance 3% 28/05/2037	12,009	0.30
£17,160,000	Southern Water Services Finance 1.625% 30/03/2027	15,036	0.38
£8,448,000	Sovereign Housing Capital 5.5% 24/01/2057	8,657	0.22
£19,849,000	Stonewater Funding 1.625% 10/09/2036	13,652	0.34

Portfolio of investments (unaudited)

Investments held at 31 January 2024

Holding	Investment	Market value £000	Percentage of total net assets %
	Corporate Bonds (continued)		
£19,000,000	Swedbank AB 5.875% VRN 24/05/2029	19,608	0.50
£11,095,000	Telereal Securitisation FRN 10/12/2033	8,695	0.22
£11,175,000	TC Dudgeon Ofto 3.158% 12/11/2038	8,426	0.21
£9,550,000	Telefonica Emisiones 5.375% 02/02/2026	9,602	0.24
£2,980,000	Telereal Securitisation 1.3657% 10/12/2033	1,773	0.04
£5,571,000	Telereal Securitisation 1.9632% VRN 10/12/2033	5,152	0.13
£13,768,000	Telereal Securitisation 4.9741% 10/12/2033	5,017	0.13
£5,231,000	Telereal Securitisation 5.4252% 10/12/2033	4,218	0.11
£22,730,000	Tesco 5.744% 13/04/2040	20,407	0.52
£20,000,000	Tesco 5.8006% 13/10/2040	18,299	0.46
£12,000,000	Tesco 6.0517% 13/10/2039	9,091	0.23
£6,800,000	Tesco 7.6227% 13/07/2039	5,963	0.15
£9,150,000	TGHR HSG Finance 4.5% 17/12/2042	8,066	0.20
£22,000,000	Thames Water 4.375% 03/07/2034	18,197	0.46
£18,000,000	Thames Water 5.125% 28/09/2037	15,185	0.38
£22,500,000	Thames Water Utilities 3.5% 25/02/2028	19,949	0.50
£10,000,000	Thames Water Utilities 4% 19/06/2025	9,623	0.24
£12,725,000	Thames Water Utilities 7.75% 30/04/2044	12,943	0.33
£13,927,000	Time Warner Cable 5.75% 02/06/2031	13,664	0.34
£15,122,000	United Utilities Water Finance 5.75% 26/06/2036	15,954	0.40
£9,648,000	Unite Group 3.5% 15/10/2028	9,062	0.23
£12,671,000	University of Oxford 2.544% 08/12/2117	6,828	0.17
£20,000,000	Vattenfall 2.5% VRN 29/06/2083	16,975	0.43
£21,654,000	Verizon Communications 1.875% 19/09/2030	18,100	0.46
£8,450,000	Verizon Communications 3.125% 02/11/2035	6,944	0.18
£9,001,000	Verizon Communications 3.375% 27/10/2036	7,487	0.19
£16,000,000	Virgin Money UK 2.625% VRN 19/08/2031	14,406	0.36
£10,000,000	Virgin Money UK 4% VRN 25/09/2026	9,668	0.24
£15,000,000	Virgin Money UK 5.125% VRN 11/12/2030	14,561	0.37
£13,650,000	Vodafone Group 3.375% 08/08/2049	9,336	0.24
£10,000,000	Vodafone International Financing 5.125% 02/12/2052	9,072	0.23
£10,000,000	Volkswagen Financial Services 1.375% 14/09/2028	8,406	0.21
£10,000,000	Volkswagen Financial Services 1.875% 03/12/2024	9,694	0.24
£26,400,000	Volkswagen Financial Services 5.5% 07/12/2026	26,545	0.67
£7,500,000	Volkswagen Financial Services 5.875% 23/05/2029	7,676	0.19
£16,200,000	Volkswagen Financial Services 6.5% 18/09/2027	16,771	0.42
£6,600,000	Volkswagen International Finance 3.375% 16/11/2026	6,285	0.16
€13,100,000	Volkswagen International Finance 3.5% VRN Perpetual	10,922	0.28
£16,870,000	Wal-Mart Stores 5.625% 27/03/2034	18,444	0.47
£10,000,000	Wellcome Trust 2.517% 07/02/2118	5,389	0.14

Portfolio of investments (unaudited)

Investments held at 31 January 2024

Holding	Investment	Market value £000	Percentage of total net assets %
	Corporate Bonds (continued)		
£25,024,000	Wells Fargo & Co. 2% 28/07/2025	23,876	0.60
£8,100,000	Welltower 4.5% 01/12/2034	7,470	0.19
£13,785,000	Welltower 4.8% 20/11/2028	13,659	0.34
£12,032,000	Wessex Water Services Finance 1.5% 17/09/2029	9,836	0.25
£56,000	West Bromwich Building Society 11% 12/04/2038	59	0.00
£17,041,000	Western Power Distribution 5.75% 16/04/2032	17,733	0.45
£15,809,000	Westfield Stratford City Finance 1.642% 04/08/2031	14,282	0.36
£7,858,000	Wheatley Group Capital 4.375% 28/11/2044	6,939	0.18
£22,240,000	Workspace Group 2.25% 11/03/2028	18,906	0.48
£7,902,000	Wrekin Housing Group 2.5% 22/10/2048	4,835	0.12
£6,084,000	Yorkshire Building Society 3.511% VRN 11/10/2030	5,429	0.14
£20,176,000	Yorkshire Water Finance 1.75% 26/11/2026	18,198	0.46
£15,583,000	Yorkshire Water Finance 1.75% 27/10/2032	11,518	0.29
£3,925,000	Yorkshire Water Finance 2.75% 18/04/2041	2,620	0.07
£10,245,000	Yorkshire Water Finance 5.5% 28/04/2035	9,917	0.25
£17,032,000	Zurich Finance 5.125% VRN 23/11/2052	16,338	0.41
	Money Markets (31/01/23 – 0.89%)		1.53
£60,484	Aberdeen Standard Liquidity Fund (LUX) - Sterling Fund~	60,484	1.53
	Forward Foreign Exchange Contracts (31/01/23 – 0.00%)		0.01
GBP 61,250,043	GBP Forward Currency Contract 16/02/2024	61,250	1.54
(EUR 71,048,316)	EUR Forward Currency Contract 16/02/2024	(60,639)	(1.53)
EUR 6,391,528	EUR Forward Currency Contract 26/02/2024	5,457	0.14
(GBP 5,498,275)	GBP Forward Currency Contract 26/02/2024	(5,498)	(0.14)
	Futures (31/01/23 – 0.07%)		0.10
(291)	EUX Euro-Bund Future March 2024	(767)	(0.02)
1,501	ICF Long Gilt Future March 2024	4,767	0.12

Portfolio of investments (unaudited)

Investments held at 31 January 2024

Holding	Investment	Market value £000	Percentage of total net assets %
	Portfolio of investments ^	3,887,434	98.15
	Net other assets	73,302	1.85
	Net assets	3,960,736	100.00

Unless otherwise stated, all investments, with the exception of Forward Foreign Currency Contracts are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

The counterparty for the Futures is Morgan Stanley.

The counterparties for the Forward Foreign Exchange Contracts are Morgan Stanley and Goldman Sachs.

^ Includes investment liabilities.

~SICAV (open ended investment scheme registered outside the UK).

Credit Ratings	£000	%
Investment grade	3,725,857	94.07
Non-investment grade	43,966	1.11
Unrated	52,557	1.33
Total investment in bonds	3,822,380	96.51

Top ten purchases and sales

For the year ended 31 January 2024

Purchases	Cost £000	Sales	Proceeds £000
Aberdeen Standard Liquidity Fund (LUX) – Sterling Fund	1,363,110	Aberdeen Standard Liquidity Fund (LUX) – Sterling Fund	1,342,766
UK Treasury 3.25% 22/01/2044	81,870	UK Treasury 0.625% 31/07/2035	122,340
UK Treasury 0.625% 31/07/2035	72,589	UK Treasury 3.25% 22/01/2044	110,995
UK Treasury 0.125% 31/01/2028	47,833	UK Treasury 0.375% 22/10/2026	80,822
UK Treasury 1.25% 22/10/2041	40,447	UK Treasury 0.125% 31/01/2028	32,193
UK Treasury 3.75% 22/10/2053	39,877	Toyota Finance Australia 3.92% 28/06/2027	26,261
UK Treasury 0.375% 22/10/2026	26,199	Citigroup 6.8% 25/06/2038	22,997
Mizuho Financial Group 5.628% 13/06/2028	25,436	Transport for London 5% 31/03/2035	22,786
Deutsche Bank 6.125% VRN 12/12/2030	23,822	CaixaBank 6.875% VRN 25/10/2033	19,556
HSBC Holdings 8.201% VRN 16/11/2034	23,696	Rabobank Nederland 4.625% 23/05/2029	19,123
Subtotal	1,744,879	Subtotal	1,799,839
Other purchases	741,523	Other sales	1,229,146
Total purchases for the year	2,486,402	Total sales for the year	3,028,985

Statistical information

Comparative tables

	31/01/24 pence	Class 'A' Accumulation 31/01/23 pence	31/01/22 pence
Change in net assets per unit			
Opening net asset value per unit	157.71	183.53	194.11
Return before operating charges*	7.63	(24.01)	(8.45)
Operating charges	(1.73)	(1.81)	(2.13)
Return after operating charges*	5.90	(25.82)	(10.58)
Distributions on accumulation units	(4.27)	(3.09)	(2.56)
Retained distributions on accumulation units	4.27	3.09	2.56
Closing net asset value per unit	163.61	157.71	183.53
*after direct transaction costs of: ^	-	-	-

Performance

Return after charges	3.74%	(14.07%)	(5.45%)
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Other information

Closing net asset value (£000)	28,197	29,157	33,616
Closing number of units	17,234,650	18,487,815	18,316,532
Operating charges	1.11%	1.11%	1.11%
Direct transaction costs	0.00%	0.00%	0.00%

Prices⁺

Highest unit price (pence)	179.62	199.20	210.78
Lowest unit price (pence)	147.34	136.46	183.72

^ The direct transaction costs includes commission on futures and clearing house fees on swaps.

*High and low price disclosures are based on quoted unit prices. Therefore, the opening and closing NAV prices may fall outside the high/low price threshold.

Statistical information

Comparative tables

	31/01/24 pence	Class 'B' Accumulation 31/01/23 pence	31/01/22 pence
Change in net assets per unit			
Opening net asset value per unit	181.27	208.59	218.20
Return before operating charges*	8.88	(27.30)	(9.58)
Operating charges	(0.02)	(0.02)	(0.03)
Return after operating charges*	8.86	(27.32)	(9.61)
Distributions on accumulation units	(6.90)	(5.70)	(5.27)
Retained distributions on accumulation units	6.90	5.70	5.27
Closing net asset value per unit	190.13	181.27	208.59
*after direct transaction costs of: ^	-	-	-

Performance

Return after charges	4.89%	(13.10%)	(4.40%)
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Other information

Closing net asset value (£000)	3,932,539	4,453,959	4,936,428
Closing number of units	2,068,396,272	2,457,059,224	2,366,619,842
Operating charges	0.01%	0.01%	0.01%
Direct transaction costs	0.00%	0.00%	0.00%

Prices⁺

Highest unit price (pence)	193.81	210.80	221.91
Lowest unit price (pence)	170.16	156.33	209.87

^ The direct transaction costs includes commission on futures and clearing house fees on swaps.

⁺High and low price disclosures are based on quoted unit prices. Therefore, the opening and closing NAV prices may fall outside the high/low price threshold.

Statistical information

Investment objective

The Fund aims to provide a total return (a combination of capital growth and income) by outperforming the benchmark (before fees) by 0.25% to 0.75% per annum over any given 3 year period.

The benchmark is the Markit Iboxx Sterling Corporate and Collateralized Index (the "Index").

Investment policy

The Fund aims to achieve its objective by investing at least 80% in investment grade fixed and floating rate Sterling denominated corporate bonds. To further aid diversification, the Fund may also invest up to 20% in fixed and floating rate corporate bonds issued in other currencies. Non-Sterling denominated assets will typically be hedged back to Sterling to minimise exposure to currency rate movements. The Fund may also invest up to 10% in gilts. The Fund may also invest in other transferable securities, which are non-approved securities (essentially unlisted securities, within the terms of the COLL Sourcebook), money-market instruments, deposits, cash and near cash and other collective investment schemes.

Derivatives may be used for efficient portfolio management and hedging only.

Investment strategy

Although a minimum of 80% of the Fund is invested in investment grade fixed and floating rate Sterling corporate bonds, the Fund is actively managed. The Investment Adviser uses a stock selection model to select individual holdings, where they believe there is a misalignment in the assessment of growth prospects and creditworthiness of the holdings and that of the market, while giving consideration to future economic and business conditions. The Investment Adviser references the Index, which means that while the Fund is not required to match the weightings of the Index and does not concentrate on any particular sector, the Fund is managed within constraints, so that divergence from the Index is controlled. The Fund's portfolio may, therefore, be similar to components of the Index.

The Fund's holdings will consist of a broad range of corporate bonds selected from issues predominately denominated in Sterling, and/or where the share price performance is, in the opinion of the Investment Adviser, influenced significantly by the stock market performance of the company's ordinary shares.

Revenue distribution and pricing

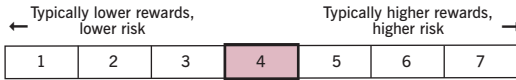
Units of the Fund are available as either Class 'A' Accumulation or 'B' Accumulation units (where revenue is reinvested to enhance the unit price). There will be two potential distributions in each accounting year: an interim distribution as at 31 July and a final distribution as at 31 January.

At each distribution the net revenue after deduction of expenses, from the investments of the Fund, is apportioned amongst the unitholders. Unitholders receive a tax voucher giving details of the distribution and the Manager's Report no later than two months after these dates.

Statistical information

Risk and reward profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.



This Fund is ranked at 4 (31/01/23: 4) because funds of this type have experienced average rises and falls in value in the past. The above figure applies to the following unit classes:

- Class 'A' Accumulation
- Class 'B' Accumulation

Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. Please note the Fund's risk category may change in the future. The indicator does not take into account the following risks of investing in this Fund:

- Bonds are affected by changes in interest rates, inflation and any decline in creditworthiness of the bond issuer. Bonds that produce a higher level of income usually also carry greater risk as such bond issuers may have difficulty in paying their debts.
- Although the Investment Manager will use currency trades to reduce exchange rate risk on investments not priced in Sterling, this may not completely eliminate the Fund's exchange rate risk.
- The Fund may use derivatives to reduce risk or cost or to generate additional capital or income at low risk, or to meet its investment objective.

For more information on the Risk and Reward profiles of our Funds, please refer to the most up to date relevant fund and Unit Class Key Investor Information Documents (KIIDs). These are available online at www.phoenixunittrust.co.uk.

Annual financial statements

For the year ended 31 January 2024

Statement of total return

	Notes	31/01/24		31/01/23	
		£000	£000	£000	£000
Income					
Net capital gains/(losses)	4		16,431		(793,208)
Revenue	5	158,042		133,948	
Expenses	6	(860)		(899)	
Interest payable and similar charges		(30)		(9)	
Net revenue before taxation		<u>157,152</u>		<u>133,040</u>	
Taxation	7	—		—	
Net revenue after taxation			<u>157,152</u>		<u>133,040</u>
Total return/(deficit) before distributions			173,583		(660,168)
Distributions	8		(157,412)		(133,295)
Change in net assets attributable to unitholders from investment activities			<u>16,171</u>		<u>(793,463)</u>

Statement of change in net assets attributable to unitholders

	31/01/24		31/01/23	
	£000	£000	£000	£000
Opening net assets attributable to unitholders		4,483,116		4,970,044
Amounts receivable on issue of units	204,215		727,441	
Amounts payable on in-specie transfer*	—		(193,116)	
Amounts payable on cancellation of units	<u>(892,953)</u>		<u>(364,307)</u>	
Change in net assets attributable to unitholders from investment activities		(688,738)		170,018
Retained distributions on accumulation units		16,171		(793,463)
Closing net assets attributable to unitholders		<u>3,960,736</u>		<u>4,483,116</u>

*Represents the value of units cancelled by in-specie transfer of assets during the year.

Annual financial statements

As at 31 January 2024

Balance sheet

	Notes	31/01/24 £000	31/01/23 £000
Assets:			
Fixed assets:			
Investments		3,888,242	4,419,421
Current assets:			
Debtors	9	103,024	71,178
Cash and bank balances	10	<u>3,656</u>	<u>892</u>
Total current assets		<u>106,680</u>	<u>72,070</u>
Total assets		<u>3,994,922</u>	<u>4,491,491</u>
Liabilities:			
Investment liabilities		(808)	(118)
Creditors:			
Bank overdraft	11	(352)	(2,496)
Other creditors	12	<u>(33,026)</u>	<u>(5,761)</u>
Total creditors		<u>(33,378)</u>	<u>(8,257)</u>
Total liabilities		<u>(34,186)</u>	<u>(8,375)</u>
Net assets attributable to unitholders		<u>3,960,736</u>	<u>4,483,116</u>

Notes to the financial statements

Note 1 Accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in compliance with Financial Reporting Standard (FRS 102) and in accordance with the Statement of Recommended Practice ('SORP') for Financial Statements of UK Authorised Funds issued by The Investment Association ('IA') in May 2014, and as amended in June 2017.

These financial statements are prepared on a going concern basis. The Manager has made an assessment of the Fund's ability to continue as a going concern, and is satisfied it has the resources to continue in business for the foreseeable future and is not aware of any material uncertainties that may cast significant doubt on this assessment. This assessment is made for a period of 12 months from when the financial statements are authorised for issue and considers liquidity, declines in global capital markets, known redemption levels, expense projections and key service provider's operational resilience.

(b) Valuation of investments

The quoted investments of the Fund have been valued at bid dealing prices as at close of business on 31 January 2024, the last valuation point in the accounting year, in accordance with the Trust Deed.

Investments in collective investment schemes have been valued at bid price for dual priced funds or the single price for single priced funds. Where these investments are managed by the Manager or an associate of the Manager, the holdings have been valued at the cancellation price for dual priced funds or the single price for single priced funds. This price is the last available published price at the year end.

Derivatives are valued as at close of business on 31 January 2024, the last valuation point of the accounting year.

Exchange traded derivatives are priced at fair value, which is deemed to be the bid price.

Over-the-counter derivatives are priced at fair value using valuation models or data sourced from market data providers.

(c) Foreign exchange

Transactions in foreign currencies during the year are translated into Sterling (the functional currency of the Fund), at the rates of exchange ruling on the transaction date. Amounts held in foreign currencies have been translated at the rate of exchange ruling at close of business, 31 January 2024, the last valuation point in the accounting year.

(d) Revenue

Interest receivable on bank deposits is accounted for on a receipts basis and money market funds is accounted for on an accruals basis. Interest receivable from debt securities is accounted for on an effective interest rate basis. Accrued interest purchased or sold is excluded from the cost of the security and is accounted for as revenue.

Any commission arising from stocklending is recognised on an accruals basis and is disclosed net of fees.

Interest received from or paid to the Fund from over-the-counter derivatives designed to protect income is treated as revenue. Interest received from or paid to the Fund from over-the-counter derivatives designed to protect capital is treated as capital.

(e) Expenses

Expenses are accounted for on an accruals basis. Expenses of the Fund are charged against revenue, except for the safe custody charge and costs associated with the purchase and sale of investments, which are charged to capital.

Notes to the financial statements

Note 1 Accounting policies (continued)

(f) Taxation

The Fund satisfied the rules of SI 2006/964, Reg 19 throughout the period. All distributions made are therefore made as interest distributions. The Fund has no corporate tax liability as interest distributions are tax deductible.

(g) Deferred taxation

Deferred tax is provided at current rates of corporation tax on all timing differences which have originated but not reversed by the Balance sheet date. Deferred tax is not recognised on permanent differences.

Deferred tax assets are recognised only to the extent that the Manager considers it is more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

Note 2 Distribution policies

(a) Basis of distribution

Revenue produced by the Fund's investments accumulates during each accounting period. If, at the end of each accounting period, revenue exceeds expenses, the net revenue of the Fund is available to be distributed/accumulated to unitholders.

The Fund is more than 60% invested in qualifying investments (as defined by SI 2006/964, Reg 20) and will pay an interest distribution.

(b) Unclaimed distributions

Distributions remaining unclaimed after six years are paid into the Fund as part of the capital property.

(c) Apportionment to multiple unit classes

With the exception of the Manager's periodic charge, the allocation of revenue and expenses to each unit class is based upon the proportion of the Fund's assets attributable to each unit class on the day the revenue is earned or the expense is suffered. The Manager's periodic charge is specific to each unit class. Tax will be allocated between the unit classes according to income. Consequently, the revenue available to distribute for each unit class will differ.

(d) Interest from debt securities

Future cash flows on all assets are considered when calculating revenue on an effective interest rate basis and where, in the Manager's view there is doubt as to the final maturity value, an estimate of the final redemption proceeds will be made in determining those cash flows. The impact of this will be to reduce the revenue from debt securities, and therefore the revenue distributed, whilst preserving capital within the Fund.

(e) Distributions from collective investment schemes

It is the policy of the Fund to distribute revenue from both income and accumulation distributions.

(f) Expenses

In determining the net revenue available for distribution, charges in relation to the safe custody of investments are ultimately borne by capital.

Note 3 Risk management policies

The risks arising from the Fund's financial instruments are market price risk, interest rate risk, foreign currency risk, liquidity risk, credit risk and counterparty risk. The Manager's policies for managing these risks are summarised below and have been applied throughout the year.

Notes to the financial statements

Note 3 Risk management policies (continued)

(a) Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Fund's investment portfolio is exposed to market fluctuations which are monitored by the Manager in pursuit of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers set out in the Trust Deed, the Prospectus and in the Collective Investment Schemes Sourcebook ("the Sourcebook") mitigates the risk of excessive exposure to any particular type of security or issuer.

(b) Interest rate risk

The Fund's assets are comprised of mainly fixed interest rate securities. There is therefore a risk that the capital value of investments will vary as a result of the market's sentiment regarding future interest rates.

Expectations of future rates may result in an increase or decrease in the value of investments held. In general, if interest rates rise the revenue potential of the Fund also rises but the value of fixed interest rate securities will decline. A decline in interest rates will in general have the opposite effect.

Any transactions in fixed interest securities must be used in accordance with the investment objective of the Fund and must be deemed by the Investment Manager to be economically appropriate. Regular production of portfolio risk reports highlight concentrations of risk, including interest rate risk, for this Fund.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

(c) Foreign currency risk

The Fund has no significant exposure to foreign currency risk.

(d) Liquidity risk

The Fund's assets are comprised of mainly readily realisable securities. If insufficient cash is available to finance unit redemptions then securities held by the Fund may need to be sold. The risk of low market liquidity, through reduced trading volumes, may affect the ability of the Fund to trade financial instruments at values previously indicated by financial brokers. From time to time, liquidity may also be affected by stock specific or economic events. To manage these risks the Manager performs market research in order to achieve the best price for any transactions entered into on behalf of the Fund. All stocks are valued daily but those stocks identified as being less liquid are reviewed on a regular basis for pricing accuracy.

(e) Credit risk

At the Balance sheet date some 92.59% (31/01/23: 91.74%) of the Fund's assets were held in corporate bonds, 0.15% (31/01/23: 0.67%) in public authorities and 3.77% (31/01/23: 5.21%) in government bonds.

Corporate, public authorities and government bonds involve the risk that the bond issuer will be unable to meet its liability to pay interest or redeem the bond. The Fund Manager selects bonds taking into account the credit rating, bearing in mind the Fund's objective.

Notes to the financial statements

Note 3 Risk management policies (continued)

(f) Counterparty risk

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its responsibilities. The Fund only buys and sells investments through brokers which have been approved by the Manager as an acceptable counterparty. This list is reviewed annually.

(g) Derivatives

Derivative transactions may be used by the Fund for the purposes of meeting its investment objectives and also for hedging. In doing so the Manager may make use of a variety of derivative instruments in accordance with the Sourcebook. The use of derivatives for investment purposes means that the net asset value of the Fund may at times have high volatility, although derivatives will not be used with the intention of raising the risk profile of the Fund. Where derivatives are used for hedging this will not compromise the risk profile of the Fund. Use of derivatives will not knowingly contravene any relevant investment objective or limits.

The Manager has used exchange traded futures to hedge the value of those assets denominated in foreign currency.

The Manager has used forward foreign currency contracts to hedge the portfolio where assets are denominated in foreign currency. The purpose of undertaking these contracts is to protect the portfolio as far as possible from a movement in the value of exchange rates.

The derivative counterparties are shown at the bottom of the Portfolio of investments on page 24.

Note 4 Net capital gains/(losses)

	31/01/24	31/01/23
	£000	£000
The net capital gains/(losses) during the year comprise:		
Gains/(losses) on non-derivative securities	26,679	(760,119)
Losses on derivative contracts	(10,133)	(32,878)
Currency losses	(112)	(208)
Handling charges	<u>(3)</u>	<u>(3)</u>
Net capital gains/(losses)	<u>16,431</u>	<u>(793,208)</u>

Note 5 Revenue

	31/01/24	31/01/23
	£000	£000
Interest on debt securities	155,221	132,796
Stocklending commission	191	123
Bank interest	11	26
Deposit interest	<u>2,619</u>	<u>1,003</u>
Total revenue	<u>158,042</u>	<u>133,948</u>

Notes to the financial statements

Note 6 Expenses	31/01/24 £000	31/01/23 £000
(a) Payable to the Manager or associates of the Manager and agents of either of them: Manager's periodic charge	513	554
	<u>513</u>	<u>554</u>
(b) Payable to the Trustee or associates of the Trustee and agents of either of them: Trustee's fees	70	74
	<u>70</u>	<u>74</u>
(c) Other expenses:		
Audit fee	12	10
Safe custody charges	260	256
Printing & stationery	1	1
Professional fees	4	4
	<u>277</u>	<u>271</u>
Total expenses	<u>860</u>	<u>899</u>

Note 7 Taxation	31/01/24 £000	31/01/23 £000
(a) Analysis of tax charge for the year		
Corporation tax	–	–
Total taxation (Note 7(b))	<u>–</u>	<u>–</u>
(b) Factors affecting the tax charge for the year		
The tax assessed for the year is higher/lower than that calculated when the standard rate of corporation tax for Authorised Unit Trusts is applied to total revenue return. The differences are explained below:		
Net revenue before taxation	157,152	133,040
Corporation tax at 20% (31/01/23: 20%)	<u>31,430</u>	<u>26,608</u>
Effects of:		
Deductible interest distributions	<u>(31,430)</u>	<u>(26,608)</u>
Total tax charge for the year (Note 7(a))	<u>–</u>	<u>–</u>

Authorised Unit Trusts are exempt from tax on capital gains in the UK.

(c) Provision for deferred taxation	
No deferred tax asset has been recognised in the year or the prior year.	

Notes to the financial statements

Note 8 Distributions

The distributions take account of amounts added on the issue of units and amounts deducted on the cancellation of units, and comprise:

	31/01/24	31/01/23
	£000	£000
Interim	74,526	66,189
Final	75,661	70,328
	<u>150,187</u>	<u>136,517</u>
Amounts deducted on cancellation of units	8,896	3,033
Amounts added on issue of units	(1,671)	(6,255)
Net distribution for the year	<u>157,412</u>	<u>133,295</u>
Net revenue after taxation	157,152	133,040
Expenses taken to capital	260	256
Movement of undistributed revenue	–	(1)
Net distribution for the year	<u>157,412</u>	<u>133,295</u>

Details of the distribution per unit are set out in the tables on page 32.

Note 9 Debtors

	31/01/24	31/01/23
	£000	£000
Creations awaiting settlement	9	301
Sales awaiting settlement	45,958	10,413
Accrued income	56,848	60,140
Liquidity interest receivable	209	324
Total debtors	<u>103,024</u>	<u>71,178</u>

Note 10 Cash and bank balances

	31/01/24	31/01/23
	£000	£000
Cash and bank balances	123	120
Amounts held at futures clearing houses	3,533	772
Total cash and bank balances	<u>3,656</u>	<u>892</u>

Note 11 Bank overdraft

	31/01/24	31/01/23
	£000	£000
Bank overdraft	352	2,496
Total bank overdraft	<u>352</u>	<u>2,496</u>

Note 12 Other creditors

	31/01/24	31/01/23
	£000	£000
Cancellations awaiting settlement	14,114	3,113
Purchases awaiting settlement	18,562	2,429
Manager's periodic charge payable	46	174
Trustee's fees payable	29	12
Safe custody charges payable	259	21
Audit fee payable	11	10
Handling charges payable	5	2
Total other creditors	<u>33,026</u>	<u>5,761</u>

Notes to the financial statements

Note 13 Reconciliation of units

	Class 'A' Accumulation	Class 'B' Accumulation
Opening units issued at 01/02/23	18,487,815	2,457,059,224
Unit movements in year:		
Units issued	59,655	116,281,491
Units cancelled	(1,312,820)	(504,944,443)
Closing units at 31/01/24	<u>17,234,650</u>	<u>2,068,396,272</u>

Note 14 Contingencies and commitments

At 31 January 2024 the Fund had no outstanding calls on partly paid shares, no potential underwriting commitments or any other contingent liabilities (31/01/23: £nil).

Note 15 Stocklending

The total value of securities on loan at the Balance sheet date was £58,202,288 (31/01/23: £91,556,311). Collateral was held in the following form:

	31/01/24 £000	31/01/23 £000
Government bonds	39,489	94,353
UK Equities	<u>19,979</u>	<u>2,044</u>
	<u>59,468</u>	<u>96,397</u>

The gross earnings and fees paid for the year were £233,325 (31/01/23: £150,534) and £41,997 (31/01/23: £27,096) respectively.

The gross earnings were split by the lending agent as follows:

- 82% to the Lender (PUTM Bothwell Sterling Credit Fund)
- 8% to the Manager (Phoenix Unit Trust Managers Limited)
- 10% retained by the Lending Agent (eSec)

The counterparties for the securities on loan are shown in the appendix on page 38.

Note 16 Unitholders' funds

There are two unit classes in issue within the Fund. These are Class 'A' accumulation and Class 'B' accumulation.

The Manager's periodic charge in respect of Class 'A' and Class 'B' units is expressed as an annual percentage of the value of the property of the Fund attributable to each unit class and is currently 1.105% in respect of Class 'A' units and 0.005% in respect of Class 'B' units.

Consequently, the level of net revenue attributable to each unit class will differ. Should it be necessary to wind-up the Fund, each unit class will have the same rights as regards to the distribution of the property of the Fund.

Notes to the financial statements

Note 17 Related party transactions

The Manager is a related party to the Fund by virtue of its controlling influence.

The Manager is part of the Phoenix Group. Phoenix Life Limited which is also part of the Phoenix Group, is a material unitholder in the Fund and therefore a related party, holding the following percentage of the units at the year end:

	Class 'A' %	Class 'B' %
As at 31 January 2024	100.00	100.00
As at 31 January 2023	100.00	99.93

The Fund has a holding in Phoenix Group Holdings which is a related party to the Fund.

Manager's periodic charge paid to the Manager, Phoenix Unit Trust Managers Limited, or its associates, is shown in Note 6(a) and details of the units issued and cancelled by the Manager are shown in the Statement of change in net assets attributable to unitholder and Note 8.

Any balances due to/from the Manager or its associates at 31 January 2024 in respect of these transactions are shown in Notes 9 and 11.

Note 18 Financial instruments

In accordance with the investment objective, the Fund holds certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- derivative transactions which the Fund may also enter into, the purpose of which is to manage the currency and market risks arising from the Fund's investment activities; and
- cash and short term debtors and creditors arising directly from operations.

Counterparty exposure

At 31 January 2024, the Fund had the following counterparty exposure on open Forward Foreign Exchange Contracts:

Morgan Stanley £610,886

At 31 January 2023, the Fund had the following counterparty exposure on open Forward Foreign Exchange Contracts:

Royal Bank of Canada £193,292
Societe Generale Paris £1,580

The economic exposure of future derivative contracts is equal to the market value. The value of exposure and the related counterparties are disclosed in the Portfolio of investments.

Currency exposure

An analysis of the monetary assets and liabilities at the year end is shown below:

Currency	Net currency assets 31/01/24			Net currency assets 31/01/23		
	Monetary exposure £000	Non- monetary exposure £000	Total exposure £000	Monetary exposure £000	Non- monetary exposure £000	Total exposure £000
Sterling	72,739	3,888,625	3,961,364	61,734	4,419,755	4,481,489
Euro	533	(1,191)	(658)	923	(191)	732
US Dollar	30	-	30	1,156	(261)	895
	73,302	3,887,434	3,960,736	63,813	4,419,303	4,483,116

Income received in other currencies is converted to Sterling on or near the date of receipt. The Fund does not hedge or otherwise seek to avoid, movement risk on accrued income.

Notes to the financial statements

Note 18 Financial instruments (continued)

Interest profile

The interest rate risk profile of financial assets and liabilities at 31 January 2024 was:

Currency	Fixed rate financial assets £000	Floating rate financial assets £000	Financial assets not carrying interest £000	Total £000
Sterling	2,684,039	1,147,600	168,601	4,000,240
Euro	31,473	23,378	5,897	60,748
US Dollar	–	30	–	30
	2,715,512	1,171,008	174,498	4,061,018

Currency	Floating rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Sterling	(352)	(38,524)	(38,876)
Euro	–	(61,406)	(61,406)
US Dollar	–	–	–
	(352)	(99,930)	(100,282)

The interest rate risk profile of financial assets and liabilities at 31 January 2023 was:

Currency	Fixed rate financial assets £000	Floating rate financial assets £000	Financial assets not carrying interest £000	Total £000
Sterling	3,269,205	1,048,776	172,284	4,490,265
Euro	44,761	45,798	2,431	92,990
US Dollar	8,594	29	2,477	11,100
	3,322,560	1,094,603	177,192	4,594,355

Currency	Floating rate financial liabilities £000	Financial liabilities not carrying interest £000	Total £000
Sterling	(2,496)	(6,280)	(8,776)
Euro	–	(92,258)	(92,258)
US Dollar	–	(10,205)	(10,205)
	(2,496)	(108,743)	(111,239)

Interest rates earned/paid on deposits are earned/paid at a rate linked to SONIA (Sterling Overnight Index Average) or international equivalent. Interest was also earned on the investments in the Aberdeen Standard Liquidity Fund.

Sensitivity analysis

Interest rate risk sensitivity

Changes in interest rates or changes in expectation of future interest rates may result in an increase or decrease in the the market value of the investments held. A one percent increase in interest rates (based on current parameters used by the Manager's Investment Risk department) would have the effect of decreasing the return and net assets by £244,773,485 (31/01/23: £285,861,807). A one percent decrease would have an equal and opposite effect.

Notes to the financial statements

Note 18 Financial instruments (continued)

Foreign currency risk sensitivity

As the majority of the Fund's financial assets are in the base currency of the Fund (Sterling), the Fund is only subject to limited exposure to fluctuations in foreign currency and therefore, no sensitivity analysis has been provided.

Market price risk sensitivity

A five percent increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £194,371,676 (31/01/23: £220,965,149). A five percent decrease would have an equal and opposite effect.

Note 19 Fair value of investments

The fair value of the Fund's investments has been determined using the hierarchy below.

This complies with the 'Amendments to FRS 102 - Fair value hierarchy disclosures' issued by the Financial Reporting Council in March 2016.

- Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For the year ended 31/01/24

Level	1	2	3	Total
Investment assets	£000	£000	£000	£000
Bonds	149,131	3,673,249	–	3,822,380
Derivatives	4,767	611	–	5,378
Money markets	60,484	–	–	60,484
	214,382	3,673,860	–	3,888,242
Investment liabilities	£000	£000	£000	£000
Derivatives	(767)	(41)	–	(808)
	(767)	(41)	–	(808)

For the year ended 31/01/23

Level	1	2	3	Total
Investment assets	£000	£000	£000	£000
Bonds	257,131	4,119,020	–	4,376,151
Derivatives	2,955	195	–	3,150
Money markets	40,120	–	–	40,120
	300,206	4,119,215	–	4,419,421
Investment liabilities	£000	£000	£000	£000
Derivatives	–	(118)	–	(118)
	–	(118)	–	(118)

Notes to the financial statements

Note 20 Portfolio transaction costs

For the year ended 31/01/24

	Value £000	Commission £000	%	Taxes £000	%	Other expenses £000	%
Analysis of total purchases costs							
Bond transactions	1,123,292	–	–	–	–	–	–
Money markets	1,363,100	–	–	–	–	–	–
Corporate actions	10	–	–	–	–	–	–
Total	<u>2,486,402</u>	–	–	–	–	–	–

	Value £000	Commission £000	%	Taxes £000	%	Other expenses £000	%
Analysis of total sales costs							
Bond transactions	1,610,423	–	–	–	–	–	–
Money markets	1,342,766	–	–	–	–	–	–
Corporate actions	75,796	–	–	–	–	–	–
Total	<u>3,028,985</u>	–	–	–	–	–	–

The Fund has paid £37,687 as commission on purchases and sales of derivatives transactions for the year ended 31.01.24.

Commission, taxes and other expenses as % of average net assets:

Commission	0.00%
Taxes	0.00%
Other expenses	0.00%

For the year ended 31/01/23

	Value £000	Commission £000	%	Taxes £000	%	Other expenses £000	%
Analysis of total purchases costs							
Bond transactions	1,484,510	–	–	–	–	–	–
Money markets	1,054,837	–	–	–	–	–	–
Corporate actions	8	–	–	–	–	–	–
Total	<u>2,539,355</u>	–	–	–	–	–	–

	Value £000	Commission £000	%	Taxes £000	%	Other expenses £000	%
Analysis of total sales costs							
Bond transactions	745,862	–	–	–	–	–	–
Money markets	1,055,614	–	–	–	–	–	–
Corporate actions	248,558	–	–	–	–	–	–
In-specie transactions	188,983	–	–	–	–	–	–
Total	<u>2,239,017</u>	–	–	–	–	–	–

The Fund has paid £28,759 as commission on purchases and sales of derivatives transactions for the year ended 31.01.23.

Commission, taxes and other expenses as % of average net assets:

Commission	0.00%
Taxes	0.00%
Other expenses	0.00%

Notes to the financial statements

Note 20 Portfolio transaction costs (continued)

The purchases and sales of securities incurred no direct transaction costs during the year or prior year.

Portfolio transaction costs are incurred by the Fund when buying and selling underlying investments. These costs vary depending on the class of investment, country of exchange and method of execution.

These costs can be classified as either direct or indirect transaction costs:

Direct transaction costs: Broker commissions, fees and taxes.

Indirect transaction costs: "Dealing spread" - the difference between buying and selling prices of the underlying investments.

At the Balance sheet date the portfolio dealing spread was 0.56% (31/01/23: 0.68%) being the difference between the respective bid and offer prices for the Fund's investments.

Distribution tables

For the year ended 31 January 2024

Interest distributions

Interim distribution in pence per unit

Group 1: units purchased prior to 1 February 2023

Group 2: units purchased 1 February 2023 to 31 July 2023

	Gross income	Equalisation	2023 pence per unit paid 30 Sep	2022 pence per unit paid 30 Sep
Class 'A' Accumulation				
Group 1	1.9917	—	1.9917	1.4551
Group 2	0.0358	1.9559	1.9917	1.4551

Class 'B' Accumulation

Group 1	3.2603	—	3.2603	2.8465
Group 2	0.7396	2.5207	3.2603	2.8465

Final distribution in pence per unit

Group 1: units purchased prior to 1 August 2023

Group 2: units purchased 1 August 2023 to 31 January 2024

	Gross income	Equalisation	2024 pence per unit payable 31 Mar	2023 pence per unit paid 31 Mar
Class 'A' Accumulation				
Group 1	2.2745	—	2.2745	1.6347
Group 2	2.1708	0.1037	2.2745	1.6347

Class 'B' Accumulation

Group 1	3.6390	—	3.6390	2.8500
Group 2	2.5615	1.0775	3.6390	2.8500

Equalisation

This applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of the units for capital gains tax purposes.

Responsibilities of the manager and the trustee

- a) The Manager of the Fund is required by the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("the Sourcebook") to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Fund at the end of that period and the net revenue or expense and the net gains or losses on the property of the Fund for the period then ended.

In preparing these financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are prudent and reasonable;
- state whether applicable accounting standards have been followed subject to any material departure disclosed and explained in the financial statements; and
- prepare the financial statements on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Manager is also required to manage the Fund in accordance with the Trust Deed, the Prospectus and the Sourcebook, maintain proper financial records to enable them to ensure that the financial statements comply with the Statement of Recommended Practice for Authorised Funds as issued by the IA in May 2014 (amended June 2017) and the Sourcebook and take reasonable steps for the prevention and detection of fraud and other irregularities.

- b) The Depositary in its capacity as Trustee of the PUTM Bothwell Sterling Credit Fund must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Trust and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Trust in accordance with the Regulations.

The Depositary must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust is booked in cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Trust is managed in accordance with the Regulations and the Scheme documents of the Trust in relation to the investment and borrowing powers applicable to the Trust.

Trustee's report and directors' statement

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Unitholders of the PUTM Bothwell Sterling Credit Fund of the PUTM Bothwell Range of Unit Trusts ("the Trust") for the Period Ended 31 January 2024.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Depositary of the Trust, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects the Trust, acting through the AFM:

- i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's income in accordance with the Regulations and the Scheme documents of the Trust; and
- ii) has observed the investment and borrowing powers and restrictions applicable to the Trust in accordance with the Regulations and the Scheme documents of the Trust.

London
29 May 2024

HSBC Bank plc

Directors' statement

In accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority, we hereby certify the report on behalf of the Directors of Phoenix Unit Trust Managers Limited.

Birmingham
29 May 2024

Mike Eakins, Director
Frances Clare Maclachlan, Director

Independent auditor's report to the unitholders of the PUTM Bothwell Sterling Credit Fund

Opinion

We have audited the financial statements of the PUTM Bothwell Sterling Credit Fund ("the Fund") for the year ended 31 January 2024 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Distribution Tables and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 31 January 2024 and of the net revenue and the net capital gains on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Fund Manager's ("the Manager") use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Manager with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Fund's ability to continue as a going concern.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Manager is responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the unitholders of the PUTM Bothwell Sterling Credit Fund

Opinions on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority ("the FCA")

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Trust Deed;
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records; and
- the information given in the Manager's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the Financial Conduct Authority rules requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of the Manager

As explained more fully in the Manager's responsibilities statement set out on page 33, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud.

The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Independent auditor's report to the unitholders of the PUTM Bothwell Sterling Credit Fund

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are United Kingdom Generally Accepted Accounting Practice, the Investment Management Association Statement of Recommended practice (the "IMA SORP"), the FCA Collective Investment Schemes Sourcebook, the Fund's Trust Deed and the Prospectus.
- We understood how the Fund is complying with those frameworks through discussions with the Manager and the Fund's administrator and a review of the Fund's documented policies and procedures.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Manager with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Fund.
- Due to the regulated nature of the Fund, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities to identify non-compliance with the applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the unitholders of the Fund, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the unitholders of the Fund those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the unitholders of the Fund as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
Statutory Auditor
30 May 2024

Appendix (unaudited)

The Fund carried out stocklending activities for the purpose of efficient portfolio management and in order to generate income.

Revenue earned from these activities is shown in the Statement of Total Return.

Global Data

Amount of securities and commodities on loan

	% of total lendable assets*
Securities	1.52

Amount of assets engaged in each type of SFT

Amount of assets	% of AUM
£58,202,288	1.47

* Total lendable assets excludes cash and cash equivalents. It also excludes other monetary amounts such as net debtors and creditors which are not deemed 'lendable assets'.

Concentration Data

Top ten collateral issuers (across all SFT)

Issuer	Collateral	
	Holding	Fair value £000
Government of Japan 2.3% 20/06/2035	3,928,350,000	24,353.00
US Treasury 2.5% 30/04/2024	21,162,900	16,695
Borgwarner	27,232	740
Covestro	17,602	740
Microsoft	2,294	740
Amazon	5,895	740
CSX	26,145	740
Monster Beverage	16,946	740
McDonald's	3,181	740
Fox	31,452	740

All counterparties

Counterparty	Gross volume of outstanding transactions
	Fair value £'000
Bank of Nova Scotia (London Branch)	14,788
Barclays Bank	15,863
BNP Paribas Arbitrage (Paris)	4,358
Citigroup Global Markets Limited	23,193

Appendix (unaudited)

Aggregate Data

Type and quality of collateral

Type	Quality*	Fair value £000
Equity	n/a	19,979
Bonds	Investment grade	39,489
		59,468

* Quality of collateral has been interpreted as pertaining to bond instruments, which have been assessed and reported in accordance with whether they are considered investment grade, below investment grade or not-rated.

Maturity tenor of collateral

Maturity	Fair value £000
Rolling Maturity	59,468
	59,468

Currency of collateral

Currency	Fair value £000
Sterling	59,468
	59,468

Maturity tenor of SFTs

Maturity	Fair value £000
Rolling Maturity	58,202
	58,202

Country in which counterparties are established

Counterparty

All counterparties are UK based

Return and cost

	Gross return £000	Cost £000	% of overall returns	Net return £000
Fund	223	42	82.00	191
	223	42		191

The gross earnings were split by the lending agent as follows:
– 82% to the Lender (PUTM Bothwell Sterling Credit Fund)
– 8% to the Manager (Phoenix Unit Trust Managers Limited)
– 10% retained by the Lending Agent (eSec)

Corporate information (unaudited)

The information in this report is designed to enable unitholders to make an informed judgement on the activities of the Fund during the period it covers and the results of those activities at the end of the period.

Phoenix Unit Trust Managers Limited is part of the Phoenix Group.

Unit prices appear daily on our website www.phoenixunittrust.co.uk

Administration & Dealing: 0345 584 2803 (between the hours of 9am & 5pm).

Remuneration

The Manager has adopted a remuneration policy, up-to-date details of which can be found on www.phoenixunittrust.co.uk. This statement describes how remuneration and benefits are calculated and identifies the committee which oversees and controls this policy. A paper copy of these details can be requested free of charge from the Manager.

This statement fulfils Phoenix Unit Trust Managers Limited's ('the Manager') obligations as an authorised UK UCITS Manager in respect of compliance with the UCITS V Remuneration Code and contains relevant remuneration disclosures.

PUTM Unit Trusts are managed by Phoenix Unit Trust Managers Limited, which is a subsidiary of Phoenix Life Limited, part of The Phoenix Group plc ('the Group').

The Remuneration Committee ('the Committee') of the Group has established a Remuneration Policy which applies to all entities of the Group. The guiding principles of this policy ensure sound and effective risk management so as not to encourage risk-taking outside of the Group's risk appetite, and support management in the operation of their business through identification of minimum control standards and key controls. The Committee approves the list of UK UCITS Code Staff annually and identified UK UCITS Code Staff are annually notified of their status and the associated implications.

Further information on the Group Remuneration Policy can be found in the Group annual reports and accounts which can be found on www.phoenixgroup.com.

The below table provides detail of remuneration provided, split between fixed and variable remuneration, for UK UCITS Code Staff (defined as all staff whose professional activities have material impact on the risk profiles of the fund it manages).

As at 31 December 2022

	Headcount	Total remuneration
Phoenix Unit Trust Managers	2	99,305.63
of which		
Fixed Remuneration	2	65,211.04
Variable Remuneration	1	34,094.59
Carried Interest	n/a	
Highest paid Director's Remuneration		39,922.40

The Directors are employed by fellow entities of the Group. The total compensation paid to the Directors of the Manager is in respect of services to the Manager, irrespective of which entity within the Phoenix Group has paid the compensation.

Please note that due to the employment structure and resourcing practices of the Group, the staff indicated in this table may also provide services to other companies in the Group.

Corporate information (unaudited)

The table states the actual number of employees who are fully or partly involved in the activities of the Manager, no attempt has been made to apportion the time spent specifically in support of each fund as this data is not captured as part of the Manager's normal processes.

The remuneration disclosed is the total remuneration for the year and has been apportioned between the provisions of services to the Manager and not the Fund.

Total remuneration can include any of the following;

- Fixed pay and annual/long term incentive bonuses.
- Where fixed pay is directly attributable to PUTM Unit Trusts (for example, fees for Phoenix Unit Trust Managers Limited), 100% of those fees.
- For other individuals, pro-rated using the average AUM of PUTM Unit Trusts (as a proportion of the aggregate average AUM of The Phoenix Group plc) as proxy.

Senior Management includes – PUTM Board and PUTM Executive Committees.

Other Code Staff includes all other UK UCITS Code Staff not covered by the above.

Assessment of Value

We are required to perform an annual assessment of the value for money for each unit class of PUTM Bothwell Bothwell Sterling Credit Fund. This has been performed based on the information available as at 31 January 2024.

We have performed this review having regard to a wide range of factors. In doing so, we have made comparison with the other unit classes of the relevant fund, with the unit classes and sub-funds within our fund ranges and also with comparable unit classes and sub-funds in the rest of the market.

Broadly speaking, assessment of value requires consideration of a combination of factors, including the return achieved, the price paid, the risk taken and the quality and range of services provided by the asset manager. This also needs to be considered in the context of the investment objectives and policy for the Fund, the target investor and the recommended holding period.

In considering cost, regard needs to be had to the total cost of investing, including any adviser charges, platform charges, adviser fees and the on-going annual management charge. Regard also needs to be had to the degree of active management;

as an investor, you would not be receiving value, if you were being charged fees for active portfolio management, where in fact, the Fund's composition of performance is staying very close to a benchmark. These factors also need to be considered in the context of the size of the portfolio and the ability of larger funds to benefit from economies of scale. As regards performance, it is important that performance is considered over an appropriate timescale given the Fund's objectives, and should be measured net of fees. Based on our assessment of the value of each unit class, PUTM can confirm that the Fund meets all of the required Assessment of Value criteria. No immediate action is required.

Further details of the Assessment of Value can be found at the following link;

<https://www.phoenixunittrust.co.uk/report-and-accounts.aspx>

Fund Climate Report

We're working towards a more sustainable way of investing. For the latest information about what we're doing and our fund climate report, go to [phoenix-unit-trust-managers.co.uk/fund-climate-report](https://www.phoenix-unit-trust-managers.co.uk/fund-climate-report).

Risks

The price of units and the revenue from them can go down as well as up and investors may not get back the amount they invested, particularly in the case of early withdrawal. Tax levels and reliefs are those currently applicable and may change. The value of any tax relief depends on personal circumstances.

Management charges on some funds are charged to capital and therefore a reduction in capital may occur. Depending on the fund, the value of your investment may change with currency movements.

Corporate information (unaudited)

Manager

Phoenix Unit Trust Managers Limited (PUTM)
1 Wythall Green Way
Wythall
Birmingham B47 6WG
Tel: 0345 584 2803
Registered in England – No.03588031
Authorised and regulated by the Financial Conduct Authority.

Directors

Mike Eakins PUTM Director, Group Chief
Investment Officer;

Frances Clare Maclachlan PUTM Director, Chief Finance
Officer, SLF UK, Sun Life of
Canada;

Timothy Harris Non Executive Director of PUTM;

Nick Poyntz-Wright Non Executive Director of PUTM.

Registrar and correspondence address

Phoenix Unit Trust Managers Limited
Floor 1, 1 Grand Canal Square
Grand Canal Harbour
Dublin 2
Ireland
Authorised and regulated by the Financial Conduct Authority.

Investment Adviser

Abrdn Investment Management Limited
1 George Street
Edinburgh EH2 2LL
Registered in Scotland – No.SC123321
Authorised and regulated by the Financial Conduct Authority.

Trustee

HSBC Bank plc
1-2 Lochside Way
Edinburgh Park
Edinburgh EH12 9DT
Authorised by the Prudential Regulation Authority
and regulated by the Financial Conduct Authority and
the Prudential Regulation Authority.

Independent Auditor

Ernst & Young LLP
Atria One
144 Morrison Street
Edinburgh EH3 8EX

Authorised status

This Fund is an Authorised Unit Trust scheme under
section 243 of the Financial Services & Markets Act
2000 and is categorised under the Collective
Investment Schemes Sourcebook as a UK UCITS fund.

Contact: **Client Services**

Call: **0345 584 2803**

Correspondence Address: **Floor 1, 1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland**

Visit: **phoenixunittrust.co.uk**

Telephone calls may be monitored and/or recorded for the purposes of security, internal training, accurate account operation, internal customer monitoring and to improve the quality of service.

Please note the Key Investor Information Document (KIID), the Supplementary Information Document (SID) and the full prospectus are available free of charge. These are available by contacting Client Services on 0345 584 2803.

Phoenix Unit Trust Managers Limited does not accept liability for any claims or losses of any nature arising directly or indirectly from use of the data or material in this report. The information supplied is not intended to constitute investment, tax, legal or other advice.

Phoenix Unit Trust Managers Limited* is a Phoenix Group Company. Registered in England No 3588031.
Registered office: 1 Wythall Green Way, Wythall, Birmingham B47 6WG.

*Authorised and regulated by the Financial Conduct Authority.